

Message Text

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ISO-00 SSO-00 /058 W

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O R 301250Z OCT 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 9933

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC

CINCPACAF

CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY PHNOM PENH

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AMEMBASSY STOCKHOLM

AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 1 OF 4 SAIGON 13753

E.O. 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY FOR OCTOBER 24-30, 1974

CINCPAC FOR POLAD

DEPT PASS IMMEDIATE IBS/NCA

THE WEEK IN SUMMARY

--THE CEASEFIRE

--CABINET CHANGES ANNOUNCED

--AN QUANG ACTIVITIES

--PRESIDENT THIEU ADDRESSES ETHNIC MINORITY COUNCIL MEMBERS

--MR-4 COMMANDER TOUCHED BY CORRUPTION CHARGES

--377 FIELD-GRADE OFFICERS TO BE DISCHARGED

--BUU CALLS FOR PEACE AND ERADICATING OF SOCIAL EVILS

--PRESS FREEDOM CAMPAIGN

--VISIT TO RVN OF U.S. VETERANS' LEADERS AND EX-POWS

--POLITICAL PARTY VALIDATION PROCEDURES SIMPLIFIED

--DISCOVERY WELL OFF VIETNAM COAST

--INTERNATIONAL TAX CONVENTION OPENS

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--CONSUMER PRICES DOWN SLIGHTLY AGAIN

--GOLD UP, DOLLAR RATES STEADY

I. INTERNAL

A. THE CEASEFIRE

GENERAL ACTIVITY REMAINED LOW THROUGHOUT THE FOUR MILITARY
REGIONS, WITH THE INCIDENT LEVEL DOWN MARKEDLY THIS WEEK. THERE

WAS A SIGNIFICANT DECREASE IN MR-1, AND MR-2 REMAINED LOW. OF PARTICULAR NOTE WITH RESPECT TO THE FORMER IS A REPORT FROM THE 1ST AIR DIVISION A-2 THAT PHU BAI AIRBASE IS BEING USED AGAIN BY VNAF AIRCRAFT AS OF THE END OF THIS REPORTING PERIOD. ALSO WORTH NOTING CONCERNING THE LATTER IS THE CONTINUED RETENTION BY ARVN OF A COMMANDING POSITION IN THE AN LAO VALLEY IN THE FACE OF SIGNIFICANT NVA EFFORTS TO DISPLACE IT. THE LEVEL OF ACTIVITY IN MR-3 WAS DOWN TO THE LOWEST POINT IN SEVEN MONTHS. IN KEEPING WITH THE PATTERN OF A MONTH-END CALM, ACTING IN MR-4 WAS ALSO MARKEDLY DOWN.

THE NUMBER OF INCIDENTS WAS SIGNIFICANTLY LOWER THIS WEEK IN MR-1, WITH A DECREASE OF MORE THAN 30 PERCENT. THE GVN IS STILL TRYING TO RETAKE MO TAU MOUNTAIN, AND THERE WAS MODERATE ACTIVITY IN THUA THIEN, QUANG NAM, AND QUANG NGAI PROVINCES.

B. CABINET CHANGES ANNOUNCED

THE PRESIDENT'S OFFICE ANNOUNCED OCTOBER 24 THAT PRESIDENT THIEU ACCEPTED THE RESIGNATIONS OF FOUR CABINET MINISTERS. THE FOUR ARE MINISTER OF INFORMATION AND OPEN ARMS HOANG DUC NHA, MINISTER OF INDUSTRY AND TRADE NGUYEN DUC CUONG, MINISTER OF FINANCE CHAU KIM NHAN, AND MINISTER OF AGRICULTURE TON THAT TRINH. THE PRESIDENT REQUESTED THAT THEY REMAIN IN THEIR POSITIONS AS CHARGES D'AFFAIRES AD INTERIM WHILE PRIME MINISTER TRAN THIEN KHIEM SEEKS REPLACEMENTS. RUMORS OF SIX FURTHER CABINET CHANGES WERE THE HEADLINE STORY IN THE OCTOBER 30 SAIGON POST. THESE HAVE BEEN NEITHER CONFIRMED NOR DENIED BY GOVERNMENT SPOKESMEN.

THE PRIME MINISTER HAS BEEN ACTIVELY CONSULTING WITH VARIOUS POLITICAL PERSONALITIES AND RANKING GOVERNMENT OFFICIALS DURING THE PAST WEEK IN ORDER TO SELECT SUCCESSORS FOR THOSE RELIEVED. NO ANNOUNCEMENTS OF NEW APPOINTMENTS HAVE BEEN MADE ALTHOUGH THE EMBASSY HAS LEARNED THAT AT LEAST TWO CANDIDATES, PROFESSOR
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NGUYEN NGOC HUY OF THE PROGRESSIVE NATIONALIST MOVEMENT AND CHINH LUAN PUBLISHER EX-SENATOR DANG VAN SUNG, HAVE ALLEGEDLY TURNED DOWN THE MINISTRY OF INFORMATION PORTFOLIO. SOME POTENTIAL CANDIDATES AMONG THE OPPOSITION HAVE TOLD US THEY WOULD BE UNWILLING TO JOIN THE THIEU GOVERNMENT WITHOUT ASSURANCES OF A "CHANGE OF POLICY".

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C O N F I D E N T I A L SECTION 2 OF 4 SAIGON 13753

C O R R E C T E D C O P Y (TEXT)

CINCPAC FOR POLAD

DEPARTMENT PASS IMMEDIATE IBS/NCA

ALTHOUGH OPPOSITION GROUPS HAVE LONG BEEN CALLING FOR SOME CABINET CHANGES, PARTICULARLY FOR THE REMOVAL OF MINISTER NHA FOR HIS ABRASIVE HANDLING OF PRESS RELATIONS AND MINISTER CUONG FOR SUSPECTED INVOLVEMENT IN THE RECENT FERTILIZER SCANDAL, THE FOUR RESIGNATIONS DID NOT APPEAR TO SATISFY GOVERNMENT CRITICS. SENATOR VU VAN MAU, LEADER OF THE NATIONAL RECONCILIATION FORCE, SAID THAT THE QUESTION OF PARAMOUNT IMPORTANCE IS A RESPONSE TO INDICTMENT NO. 1 CHARGES BROUGHT BY THE PEOPLE'S ANTI-CORRUPTION MOVEMENT (PACM) RATHER THAN A "MINOR" CABINET RESHUFFLE. FATHER TRAN HUU THANH, LEADER OF PACM, STATED, "A REPLACEMENT OF PERSONNEL IS NOT THE IMPORTANT THING. WHAT WE ASK FOR IS A SHIFT IN THE GOVERNMENT'S STAND AND A CHANGE OF POLICIES." A LEADER OF THE LOWER HOUSE PEOPLE'S SOCIETY BLOC, DEPUTY TRAN VAN TUYEN, CLAIMED THE "POCKET-SIZED" CHANGE IS NOT AS IMPORTANT AS ERADICATION OF CORRUPTION AND ACHIEVEMENT OF NATIONAL RECONCILIATION AND CONCORD.

C. AN QUANG ACTIVITIES

THE AN QUANG BUDDHISTS, HAVING CLOSED RANKS TO VOICE PUBLIC SUPPORT FOR VU VAN MAU'S NATIONAL RECONCILIATION FRONT (NRF), HAVE NOW SPONSORED THE FORMATION OF A PROVISIONAL EXECUTIVE COMMITTEE FOR THE SAIGON BUDDHIST STUDENTS' GROUP, AN ORGANIZATION WHICH HAS NEWLY JOINED IN THE "STRUGGLE TO DEMAND PEACE", ACCORDING TO DOC LAP NEWSPAPER. THE 8-MEMBER COMMITTEE WAS REPORTEDLY SWORN IN AT AN QUANG PAGODA OCTOBER 27 IN THE PRESENCE OF SOME VIEN HOA DAO BONZES AND GUESTS WHO INCLUDED SENATORS VU VAN MAU AND TON THAT DINH, OPPOSITIONIST DEPUTY TRAN VAN TUYEN, EXTREMIST LADY DEPUTY KIEU MONG THU, AND LONG-TIME PEACE ADVOCATE LAWYER TRAN NGOC LIENG.

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THE FOLLOWING DAY, ACCORDING TO THE SAME PAPER, THE VIEN HOA DAO (VHD) MET FOR A FINAL REVIEW OF AN AN QUANG STATEMENTT TO BE PUBLICIZED ON NATIONAL DAY, NOVEMBER 1. THE VHD, WILL EWPOETEDLY BE SUPPORTED IN ITS NOV 1 CALLS FOR RECONCILIATION BY THE NRF.

D. PRESIDENT THIEU ADDRESSES ETHNIC MINORITY COUNCIL MEMBERS
PRESIDENT THIEU SPOKE OCTOBER 25 TO MEMBERS OF THE ETHNIC MINORITIES COUNCIL WHO PAID HIM A FAREWELL VISIT ON THE EXPIRATION OF THEIR TERM. ACCORDING TO DEMOCRACY PARTY NEWSPAPER DAN CHU, THIEU STATED THAT THE DEFENSE OF THE RVN IS THE RESPONSIBILITY

OF THE ENTIRE NATION, AND THAT ANY POLITICAL SOLUTION FOR SOUTH VIETNAM MUST HAVE THE APPROVAL OF THE SOUTH VIETNAMESE PEOPLE. PRESIDENT THIEU CONTINUED, "THE REPUBLIC OF VIETNAM HAS SIGNED THE PARIS AGREEMENT AND PLEDGES TO IMPLEMENT THAT AGREEMENT. WHAT MATTERS IS TO LET THE SOUTH VIETNAMESE PEOPLE VOICE THEIR RIGHT TO SELF-DETERMINATION IN THE DIRECTION OF NEVER ACCEPTING COMMUNISM, NOT ALLOWING THE GANG OF NORTH VIETNAMESE COMMUNISTS TO DOMINATE THE SOUTH UNDER ANY FORM WHATSOEVER."

SPEAKING OF THE "THIRD FORCE", THE PRESIDENT SAID, "THE COMMUNISTS WILL NEVER ACCEPT THOSE PEOPLE WHO LABEL THEMSELVES AMONG THE THIRD FORCE, NO MATTER TO WHOM THAT FORCE BELONGS; THE COMMUNISTS WILL ONLY ACCEPT A THIRD FORCE TO WHICH THEY THEMSELVES GIVE BIRTH."

IN CONCLUSION, THE PRESIDENT OBSERVED THAT "THOUGH THE GOVERNMENT HAS YET TO SATISFY ALL THE DESIRES OF OUR (ETHNIC MINORITY) COMPATRIOTS BECAUSE OF A LACK OF MEANS, THE GOVERNMENT HAS DONE EVERYTHING THAT COULD BE DONE. THE MOST IMPORTANT THING IS THE GOODWILL THE GOVERNMENT HAS SHOWN, AS THE ETHNIC MINORITY COMPATRIOTS HAVE SEEN CLEARLY."

COMMENT:

PRESIDENT THIEU DID NOT MENTION THE MONTAGNARD DISSIDENTS LED BY KPA KOI OR REPLY, EXCEPT IN GENERAL TERMS, TO COMPLAINTS RAISED BY MONTAGNARDS. MONTAGNARD DISSIDENCE, HOWEVER, HAS NOT YET BEEN PUBLICLY DEFINED AS A NATIONAL PROBLEM: KPA KOI AND HIS INSURGENT MONTAGNARDS HAVE SCARCELY BEEN MENTIONED IN SAIGON'S NEWSPAPERS. THE PRESIDENT MAY NOT HAVE WISHED TO CALL ATTENTION TO THE DISSIDENTS OR THEIR COMPLAINTS.

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E. MR-4 COMMANDER TOUCHED BY CORRUPTION CHARGES
LTG NGUYEN VINH NGHI, MR-4 COMMANDER SINCE SPRING OF 1972, HAS BEEN ACCUSED OF CORRUPT ACTIVITIES BY AT LEAST THREE PUBLIC FIGURES WHOSE ACCUSATIONS HAVE RECEIVED WIDE NEWSPAPER COVERAGE. ANTI-CORRUPTION ACTIVIST FATHER TAN HUU THANH, SPEAKING IN CAN THO OCTOBER 20, IS REPORTED TO HAVE ACCUSED NGHI OF REAPING ILLEGAL RICE TRADE PROFITS, A CHARGE WHICH THE GENERAL'S OFFICE FORMALLY DENIED THE FOLLOWING DAY. ON OCTOBER 25 PAPERS PUBLISHED FOUR CHARGES BY LH DEPUTY NGUYEN DUC CUNG THAT INCLUDED PROFITING FROM GHOST AND FLOWER SOLDIERS. ON OCT 28 DIEN TIN REPORTED THAT SEN. DOAN VAN LUONG, WHO HAS RECENTLY CHARGED OTHER PUBLIC OFFICIALS WITH MISCONDUCT, REPORTED THE GHOST AND FLOWER SOLDIER CHARGE, CALLING THIS CONDITION THE REASON WHY 800 MR-4 OUTPOSTS HAVE BEEN "LOST" THIS YEAR. (MR-4 HAS GIVEN UP 800 OUTPOSTS SINCE JUNE AS PART OF AN OUTPOST CONSOLIDATION PROGRAM. SOME CRITICS NOW MAINTAIN THAT THESE POSITIONS WERE IN REALITY ALL LOST TO THE ENEMY). CONGEN CAN THO REPORTS THAT NGHI DENIED DEP.

CUONG'S CHARGES TO HIS STAFF OFFICERS, BUT APPEARED UPSET WHEN HE MET LATER WITH CONSUL GENERAL. NGHI, WHO HAS COME UNDER INCREASING CRITICISM THIS YEAR FOR THE DETERIORATING MR-4 MILITARY SITUATION AND WHO DOES NOT SEEM YET TO HAVE ARRESTED THE DECLINE, MAY WELL FEAR REMOVAL AT A TIME WHEN OPPOSITIONISTS ARE CALLING FOR THE HEADS OF HIGH-LEVEL OFFICERS WHOM THEY FEEL ARE CORRUPT AND/OR INEFFECTIVE. THE SACKING UNDER PRESENT CIRCUMSTANCES OF GEN. NGHI, WHO HAS LONG BEEN CLOSE TO THE PRESIDENT, WOULD NO DOUBT BE PAINFUL FOR MR. THIEU AND WOULD BE AN INDICATION OF HIS SERIOUSNESS IN MEETING OPPOSITION DEMANDS.

F. 377 FIELD-GRADE OFFICERS TO BE DISCHARGED

THE MINISTRY OF DEFENSE ANNOUNCED THIS WEEK THAT 377 FIELD-GRADE OFFICERS ARE TO BE DISCHARGED FROM THE ARMED FORCES FOR CORRUPTION AND OTHER UNDESIRABLE PRACTICES. THE ACTION, WHICH WILL TAKE PLACE IN TWO PHASES BEGINNING NOV 1 AND DEC 1 RESPECTIVELY, CAME FIVE DAYS BEFORE THE ONE MONTH DEADLINE SET BY PRESIDENT THIEU IN HIS OCT 1 SPEECH FOR STRONG ACTION AGAINST CORRUPTION IN THE MILITARY. THERE WILL BE NO LEGAL ACTION AGAINST ANY OF THE DISCHARGED OFFICERS. THE DEFENSE MINISTRY HAS ANNOUNCED THAT SOME OFFICERS, HOLDING THE RANK OF PROVISIONAL MAJOR AND BELOW, WILL ALSO BE DISCHARGED.

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CIA
DIA
JCS
JUSMAAG
WHITE HOUSE
USAFKCM/ATCS-WL-DSA
CINCPAC
CINCPACAF
CINCPACFLT
CINCUSARPAC
DEPCHIEF JUSMAAG UDORN
USDAO SAIGON
AMEMBASSY LONDON
AMEMBASSY BUDAPEST
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C O N F I D E N T I A L SECTION 3 OF 4 SAIGON 13753

CINCPAC FOR POLAD

DEPARTMENT PASS IMMEDIATE IBS/NCA

AS EXPECTED, GOVERNMENT CRITICS PRONOUNCED THEMSELVES UNSATIS-
FIED WITH THE MOVE. DEPUTY NGUYEN VAN BINH STATED THAT THE
DISCHARGE OF 377 FIELD-GRADE OFFICERS WAS MERELY A "SACRIFICE",
AND OTHER CRITICS STATED THAT THE CLEAN-UP WOULD NOT SATISFY
THE PUBLIC BECAUSE NO GENERAL OFFICERS WERE INVOLVED. ONE
GOVERNMENT LOWER HOUSE LEADER, HOWEVER, HAS TOLD US THAT DIS-
MISSALS OF SOME GENERAL OFFICERS WERE STILL A POSSIBILITY.

G. BUU CALLS FOR PEACE AND ERADICATING OF SOCIAL EVILS

IN HIS OPENING ADDRESS TO THE 25TH ANNIVERSARY CONVENTION OF
CVT, TRAN QUOC BUU CONDEMNED THE NORTH AND SOUTH VIETNAMESE GOVERN-
MENTS FOR FAILING TO BRING THE PEACE THAT WAS PROMISED BY THE PARIS
AGREEMENT: "ONLY PEACE CAN GIVE THE SOCIETY CONCILATION AND
MODERNIZATION TO SETTLE THE FOLLOWING PROBLEMS -- REVIVAL OF THE
NATIONAL SPIRIT, RECONSTRUCTION AND DEVELOPMENT, SOCIAL JUSTICE

AND ERADICATION OF CORRUPTION." WITHOUT PEACE, IMPLEMENTATION OF DEMOCRACY IS DELAYED OR LIMITED UNDER THE PRETEXT OF "MEASURES TAKEN FOR NATIONAL SECURITY." THE HO CHI MINH TRAIL, HE SAID, WAS STILL BEING USED AS A STRATEGIC TRANSPORTATION ROUTE BY INTERNATIONAL COMMUNISTS TO ASSIST COMMUNISTS IN INDOCHINA.

ALTHOUGH BUU CRITICIZED THE GOVERNMENT FOR CORRUPTION, HE CAREFULLY AVOIDED ANY ASSOCIATION WITH THE ANTI-CORRUPTION MOVEMENTS. HE CALLED UPON THE GVN TO RESTORE BASIC DEMOCRATIC LIBERTIES WITH REGARD TO HUMAN AND CIVIL RIGHTS.

AS FOR THE FUTURE, CVT PLANS TO DEMAND EMPLOYERS RESPECT THE RIGHT OF THE WORKERS TO ORGANIZE UNIONS AND PARTICIPATE IN MANAGEMENT AND THAT THE GVN RESTORE THE RIGHT TO STRSSB AND PRO-CONFIDENTIAL

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VIDE FOR SOCIAL SECURITY. THE CVT WILL FOCUS THE WORKERS' ATTENTION ON THEIR PLACE IN THE COMMUNITY TO MAKE THE COMMUNITIES STRONG ENOUGH TO WEED OUT SOCIAL EVILS AND STRENGTHEN NATIONALISM.

COMMENT: BUU'S SPEECH WAS ALMOST A CARBON COPY OF LAST YEAR'S SPEECH BEFORE THE SAME AUDIENCE. BECAUSE OF TODAY'S POLITICAL CLIMATE, HOWEVER, IT COMMANDED MORE ATTENTION IN THE LOCAL PRESS AND THE ASSEMBLY. REPORTEDLY, PRESIDENT THIEU HAS ALREADY AGREED IN PRINCIPLE TO LIBERALIZATION OF DL-004/72 WHICH DENYS THE RIGHT TO STRIKE.

H. PRESS FREEDOM CAMPAIGN

THE PRO-GOVERNMENT PROPOSAL FOR AN AMENDED PRESS LAW, DL-007, HAS BEEN FILED WITH THE LOWER HOUSE. THE AMENDMENT WOULD ABOLISH THE 20 MILLION PIASTER DEPOSIT REQUIREMENT, SHIFT JURISDICTION FOR OFFENSES FROM MILITARY TO CIVILIAN COURTS AND REDUCE PENALTIES. AUTHORITY TO CLOSE DOWN A NEWSPAPER WOULD BE SHIFTED FROM THE EXECUTIVE TO THE COURTS. REQUIREMENT FOR PRE-PUBLICATION REVIEW BY GOVERNMENT, HOWEVER, WOULD BE RETAINED. PRESS FREEDOM CAMPAIGN LEADERS ARE DEMANDING ABOLITION OF PRESS LAWS 019/69 AND DL-007/2, THOUGH PRIVATELY MOST ADMIT SOME FORM OF GOVERNMENT CONTROL IS REQUIRED UNDER CURRENT SECURITY CONDITIONS.

THE RESIGNATION OF HOANG DUC NHA HAS NOT YET HAD A CALMING EFFECT ON GVN-PRESS COMMUNITY RELATIONS. THIS IS PARTLY BECAUSE NO REPLACEMENT HAS BEEN NAMED AND NHA IS REPORTED TO HAVE UNHELPFULLY ANNOUNCED TO HIS STAFF THAT GVN PRESS POLICIES WOULD NOT CHANGE WITH HIS DEPARTURE. MUCH OF THE RESPONSIBLE PRESS HAS BEEN ALIENATED BY GVN POLICIES UNDER NHA AND ACTIVE EFFORTS WILL BE REQUIRED TO WIN BACK THEIR CONFIDENCE. IN THE CASE OF THE OPPOSITION PRESS, DAI DAN TOC PUBLISHER DEPUTY VO LONG TRIEU HAS TOLD US THAT EVEN IF THE PRESS COMMUNITY'S DESIRES WERE MET, THEY WOULD HAVE AN OBLIGATION TO CONTINUE TO SUPPORT

THOSE "STRUGGLE" MOVEMENTS THAT SUPPORTED THE PRESS FREEDOM
CAMPAIGN.

INTEREST CURRENTLY CENTERS ON THE SCHEDULED TRIAL OF SONG THAN,
DAI DAN TOC AND DIEN TIN FOR THE PUBLICATION OF SO-CALLED
PACM INDICTMENT NO. 1. NUMEROUS OPPOSITION GROUPS, INCLUDING
LAWYERS AND PRESS GROUPS HAVE PROTESTED TRIAL AS REPRESSION OF
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PRESS FREEDOM. SONG THAN'S TRIAL HAD BEEN SET FOR OCT. 31
AND PACM AND OTHERS PLANNED DEMONSTRATIONS TO PROTEST THE TRIAL AND
DEMAND PACM, AUTHOR OF THE INDICTMENT, BE ALLOWED TO ACCEPT BLAME.
GOVERNMENT HAS POSTPONED TRIAL BUT DEMONSTRATIONS STILL
SCHEDULED BY PACM.

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CINCPAC FOR POLAD

DEPARTMENT PASS IMMEDIATE IBS/NCA

I. VISIT TO RVN OF U.S. VETERANS' LEADERS AND EX-POWS

ELEVEN U.S. VETERANS' LEADERS AND EX-POWS ARE THE HONORED GUESTS OF THE GVN THIS WEEK TO ASSIST IN CELEBRATING VIETNAMESE NATIONAL DAY NOVEMBER 1. THE GROUP, WHICH INCLUDES SIX VETERANS' LEADERS AND FIVE EX-POWS (ONE FROM EACH SERVICE AND FSO DOUGLAS RAMSEY), HAS BEEN AWARDED THE VETERAN HONOR MEDAL FIRST CLASS AND THE PSYWAY SERVICE MEDAL FIRST CLASS, COINCIDENTALLY ON US VETERAN'S DAY OCTOBER 28. AMBASSADOR MARTIN, AND OTHER MISSION OFFICIALS, MET WITH THE GROUP FOR A TWO-HOURS INFORMAL DISCUSSION, INCLUDING A BRIEFING, OCTOBER 29. THE GROUP IS MEETING WITH RANKING GVN OFFICIALS INCLUDING PRESIDENT THIEU, PM KHIEM, FOREIGN MINISTER BAC, JGS CHAIRMAN GENERAL VIEN AND GVN VETERANS' LEADERS. THE GROUP IS ALSO VISITING CON SON ISLAND, THE NATIONAL MILITARY ACADEMY AT DALAT, THE NATIONAL DEFENSE COLLEGE AND OTHER PLACES USEFUL IN GAINING A FIRST-HAND SENSE OF THE CURRENT SITUATION IN THE RVN.

J. POLITICAL PARTY VALIDATION PROCEDURES SIMPLIFIED

THE GOVERNMENT PROPOSALS FOR AN AMENDMENT TO POLITICAL PARTY LAW DL-060 HAVE BEEN SUBMITTED FOR ACTION BY THE LOWER HOUSE. ACCORDING TO CO-AUTHOR SENATOR HOANG XUAN HAO, CHAIRMAN OF UPPER HOUSE JUDICARY COMMITTEE, BILL, WHICH REDUCES REQUIREMENTS FOR VALIDATION, MIGHT MAKE VALIDATION FEASIBLE FOR UP TO SIX POLITICAL PARTIES BEFORE 1975 ELECTIONS.

IN MEANTIME, MINISTRY OF INTERIOR HAS ANNOUNCED RELAXATION OF PROCEDURES UNDER PRESENT LAW WHICH GREATLY REDUCES DOCUMENTATION REQUIRED FOR VALIDATION, ESPECIALLY THE REQUIREMENT THAT RESIDENCE
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CERTIFICATES BE SUPPLIED FOR EACH PARTY MEMBER.

COMMENT: PROFESSOR NGUYEN NGOC HUY OF SOCIAL DEMOCRATIC ALLIANCE (SDA) HAS TOLD US THAT, WITHOUT RESIDENCE CERTIFICATE PROBLEM, SDA COULD COMPLETE VALIDATION PROCEDURES UNDER PRESENT LAW.

END CONFIDENTIAL

BEGIN UNCLASSIFIED

II. ECONOMIC

A. DISCOVERY WELL OFF VIETNAM COAST

PECTEN VIETNAM, A SUBSIDIARY OF SHELL OIL COMPANY, ANNOUNCED OVER THE WEEKEND THAT IT MAY HAVE FOUND A COMMERCIAL-EXPLOITABLE OIL FIELD OFF THE COAST OF VIETNAM. THE COMPANY'S SECOND WELL, 214 MILES SOUTHEAST OF THE PORT OF VUNG TAU, WAS DECLARED A "DISCOVERY WELL" AFTER PRODUCTION TESTS SHOWED OIL FLOWING AT 1514 BARRELS PER DAY. INITIAL TESTS WERE COMPLETED IN OIL-BEARING SANDS AT 10,400-10,500 FT. CRUDE FROM THE WELL IS LIGHT AND APPEARS TO BE LOW IN SULPHUR, SIMILAR TO THAT FOUND IN INDONESIA. THE FIND CAME ONLY TWO MONTHS AFTER THE PECTEN RIG BEGAN DRILLING IN ONE OF THE EXPLORATORY BLOCKS AWARDED TO SHELL LAST YEAR. FURTHER TEST WELLS MUST BE DRILLED IN THE AREA BEFORE SHELL CAN DETERMINE WHETHER COMMERCIAL OPERATIONS ARE FEASIBLE.

MEANWHILE, MOBIL OIL'S RIG "FLOMAR" ARRIVED THIS WEEK TO BEGIN EXPLORATORY DRILLING IN A CONCESSION BLOCK 100 MILES OFF THE VIETNAMESE COAST.

B. INTERNATIONAL TAX CONVENTION OPENS

THE MINISTRY OF FINANCE IS HOSTING A REGIONAL TAXATION AND CUSTOMS CONVENTION IN SAIGON FROM OCTOBER 29-31. TAX OFFICIALS

FROM TAIWAN, KOREA, THE PHILIPPINES AND VIETNAM ARE PARTICIPATING IN THE ANNUAL CONCLAVE DESIGNED TO EXCHANGE VIEWS ON IMPROVING TAX ADMINISTRATION AND COLLECTION. THIS YEAR THE PARTICIPANTS WILL FOCUS ON TAX POLICIES TOWARDS EXPORTS AND EXPANDING REVENUES FROM
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AGRICULTURE, FORESTRY, INDUSTRY, FISHERIES, AND ANIMAL HUSBANDRY. DISCUSSIONS OF METHODS TO IMPROVE TAX CONTROL AND THE ROLE THAT TOURISM CAN PLAY AS A SOURCE OF REVENUES ARE ALSO ON THE AGENDA.

C. CONSUMER PRICES DOWN SLIGHTLY AGAIN

THE SAIGON RETAIL PRICE INDEX RECORDED ANOTHER SLIGHT DECLINE THIS WEEK -- 0.1 PERCENT -- AS CONSUMER PRICES ENTERED THEIR THIRD MONTH VIRTUALLY WITHOUT CHANGE. RICE AND SUGAR PRICES WERE DOWN, OFFSETTING SEASONAL GAINS IN VEGETABLES.

AFTER THE FIRST QUARTER PRICE SURGE, RESULTING MAINLY FROM POL PRICE INCREASES, USAID INDEX HAS RISEN A RELATIVELY MODEST 12.8 PERCENT IN THE PAST SEVEN MONTHS. THIS HAS BEEN THE LONGEST PERIOD OF MODERATE PRICE CHANGE SINCE 1971, WHEN THE RETAIL INDEX ROSE 14.4 PERCENT DURING THE EIRE YEAR. THE CURRENT TREND, WHILE A WELCOME RELIEF, REFLECTS NOT ONLY ABATTING OF IMPORT PRICE PRESSURES BUT ALSO WEAKENING DOMESTIC DEMAND ARISING FROM THE ECONOMIC RECESSION.

D. GOLD UP, DOLLAR RATES STEADY

REACTING TO HIGHER GOLD PRICES IN HONG KONG, SAIGON QUOTES ROSE FROM \$142.36 TO \$144.84 PER TROY OUNCE EQUIVALENT. BLACK MARKET DOLLAR RATES WERE UNCHANGED AT VN\$670/US\$1.
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